

★IC 2004-1 TO AFI 63-124, PERFORMANCE-BASED SERVICES ACQUISITION

9 FEBRUARY 2004

★SUMMARY OF REVISIONS

This change incorporates interim change IC 2004-1. IC 2004-1 replaces Performance Based Service Contracts (PBSC) with Performance-Based Services Acquisition (PBSA) (the AFI title and throughout the AFI); revises the instruction that AFI 63-124 implements/prescribes and explains. IC 04-1 defines an Air Force Performance-Based Services Acquisition (1.1); allows acquisition professionals to use a QASP and outline how performance is to be managed upon contract award or consolidate performance assessment and management using a performance plan (1.1.4, 3.2, 3.3 and 4.1.7); revises and expand key management duties (1.2.1.1, 1.2.1.1.1, 1.2.1.2, 1.2.1.3, 1.2.2., 1.2.2.1, 1.2.2.2, 1.2.4, 1.2.5, 1.2.5.8, 1.2.5.9, 1.2.5.10, 1.2.6, 1.2.6.1, 1.2.6.2, 1.2.6.3, 1.2.6.4, 1.2.6.5, 1.2.7.2, 1.2.7.4, 1.2.8.1 and 1.2.8.4); replaces BRAG with multi-functional team (1.2.7.1, 3.2 and 4.2.2.3.5); defines the applicability of the AFI (1.3); defines the roles and responsibilities of the multi-functional team (1.2.11); revises the Quality Assurance Program Coordinator Training Program (4.2.2.1); revises the Phase I training program for QA personnel (4.2.2.2); adds definitions for the multi-functional team, performance assessment, performance management and performance plan (attachment 1); and deletes attachment 2 (Exception) and attachment 3 (Mandatory Provision).

★This instruction implements Air Force Policy Directive (AFPD) 64-1, *The Contracting System*, by directing procedures for developing requirements, acquiring services, and managing service acquisitions within the Air Force. This publication implements the FY02 National Defense Authorization Act (NDAA), Sections 801 and 802, Federal Acquisition Regulation (FAR), Defense FAR Supplement (DFARS), Air Force FAR Supplement (AFFARS), and Department of Defense Directive (DoDD) 5000.2, The Defense Acquisition System. This AFI applies to all major commands (MAJCOMs), Direct Reporting Units (DRUs), and Field Operating Agencies (FOAs). It is applicable to all service acquisitions above the Simplified Acquisition Threshold (SAT) (FAR 2.101), with the exceptions listed in FAR 37.102(a)(1). It applies to all Air Force personnel who develop, acquire, and manage services acquisitions. MAJCOMs, FOAs, and DRUs may not supplement this AFI in a manner that would restrict the acquisition flexibilities contained herein. Refer recommended changes and conflicts between this and other publications to SAF/AQCP, 1060 Air Force Pentagon, Washington, DC 20330-1060, on Air Force (AF) Form 847, Recommendation for Change of Publication. Maintain records in accordance with Air Force Manual (AFMAN) 37-139, *Records Disposition Schedule*.

★1.1. **Performance-Based Services Acquisition Overview.** Like all acquisitions, a performance-based services acquisition begins with the planning of the acquisition. A key distinction, however, is that it is developed and implemented by a multi-functional team of stakeholders. These stakeholders are responsible for planning the acquisition and

then remain responsible for assessing contractor performance and managing the contract over the life of the requirement. A performance-based services acquisition consists of:

- ★1.1.1. An acquisition strategy that provides direction for the execution of a particular acquisition. It justifies the selected methods such as contract type, source selection procedures, and contract incentives.

- ★1.1.2. Market research that demonstrates reliance on the commercial marketplace for its capabilities, technologies, and competitive forces in meeting an agency need. Market research is essential to the government's ability to buy best-value products and services that supply mission-critical requirements.

- ★1.1.3. A Performance-Based Statement of Work (SOW) (IAW para 2.1) that defines the requirements in terms of results rather than the method of performing the work.

- ★1.1.4. A performance plan (or QASP IAW para 4.1.7 and an outline detailing how the contract is to be managed upon contract award IAW para 1.2.5.10) signed by members of the multi-functional team that identifies the following:

- ★1.1.4.1. The objective in having the service provided, i.e., to provide quality housing maintenance to military members.

- ★1.1.4.2. The results the multi-functional team is striving to achieve in managing the acquisition, i.e., cost savings, efficiencies, improved customer service.

- ★1.1.4.3. The multi-functional team members, and how roles and responsibilities are distributed among team members.

- ★1.1.4.4. The approach, methods and tools the multi-functional team will use to assess the contractor's.

- ★1.1.4.5. The approach, methods and tools the multi-functional team will use to manage the acquisition upon award.

- ★1.1.5. The metrics used to track contractor progress to meet stated performance objectives.

- ★1.2.1.1. The AFPEOs are responsible for the oversight and management of services acquisitions within their portfolio.

- ★1.2.1.1.1. AFPEO/SV is responsible for the management and oversight of service acquisitions with a total planned value in excess of \$100M, A-76 Cost Comparison Studies involving more than 300 full-time equivalents (FTE). Oversight and management shall be in accordance with the Management and Oversight of the Acquisition of Services Process (MOASP)(AFFARS 5337.503-9002).

- ★1.2.1.2. SAF/AQC is responsible for providing PBSA policy, tools, and training and is the Office of Primary Responsibility (OPR) for this AFI.

★1.2.1.3. DELETED.

★1.2.2. **MAJCOM Contracting Leadership** (PKs/LGCs/FOAs/DRUs). MAJCOM Directors and Chiefs of Contracting offices are the business advisors to the MAJCOM Commanders/AFMC Center-level CCs for service acquisitions less than \$100M, A-76 studies involving less than 300 FTEs, and those delegated by AFPEO/SV. MAJCOM Contracting Leadership shall update the MAJCOM Commanders yearly on the health of the Command's service acquisition program. The updates shall include pertinent topics such as strategic sourcing recommendations, status of selected high profile service acquisitions, the success of the service acquisition program in meeting its performance objectives and goals, and implementing innovations and best practices. MAJCOM Contracting Leadership shall report acquisitions with significant variances in cost, schedule, or performance to AFPEO/SV

★1.2.2.1. HCAs are responsible for the oversight and management of services acquisitions with a total value of \$100M or less, and A-76 studies involving less than 300 FTEs. HCAs will provide management and oversight IAW the appropriate MOASP.

★1.2.2.2. DELETED.

★1.2.4. A Performance Management Council (PMC) may be established when one or more base support contract/contracts span multiple groups and tenant organizations. PMC meetings may be held in conjunction with other installation meetings (for example, the Facilities Management Board, Financial Working Group) to provide synergy in addressing installation issues. The council's duties include:

★1.2.5. A BRAG is one form of a customer-focused multi-functional team instituted under the authority of the installation commander. If using a BRAG, the contracting squadron commander establishes the BRAG to plan and manage service acquisitions throughout the life of the requirement. A BRAG can be established for a single function or may include multiple functions (See Figure 1). The number of BRAGs depends upon the installation's requirements and business approach. For example, a BRAG can be formed to support major customers and their requirements, or it can be formed for each procurement regardless of the major customer. Members of the BRAG will, as a minimum support the following:

★1.2.5.8. Update the Installation Performance Management council (if applicable), as required,

★1.2.5.9. Collection of Past Performance Information (PPI), and

★1.2.5.10. Outline how the team will manage the contract upon award IAW paras 1.1.4.1, 1.1.4.2, 1.1.4.3, and 1.1.4.5.

★1.2.6. **Contracting Squadron Commanders, Chiefs of the Contracting Offices, Chiefs of Performance Management Offices, AFMC/AFSPC Center-level PKs.**

★1.2.6.1. Serves as the Business Advisor to Wing Commanders, Group Commanders, AFSPC/AFMC Center-level Commanders, Systems Program Directors (SPD) and other Headquarters Directors.

★1.2.6.2. Developing and implementing acquisition strategies for services acquisitions.

★1.2.6.3. Providing oversight of the multi-functional team in planning, assessing contractor performance, and managing the acquisition throughout the life of the requirement, unless a Program Management office exists.

★1.2.6.4. Updating the Wing Commanders, Group Commanders, AFSPC/AFMC Center-level Commanders, Systems Program Directors (SPD) and other Headquarters Directors to include providing status annually on the health of their service acquisitions. Provide MOASP reports on service acquisitions to the MAJCOMs for consolidation. Subjects may include the effectiveness of the performance assessment and performance management of the service acquisition, the effectiveness of performance objectives, contract cost changes, acquisition planning, strategic sourcing issues, and the effectiveness of the multi-functional and the Commanders/Directors business objectives.

★1.2.6.5. Ensuring personnel on the multi-functional team receive the appropriate level of training to meet local needs.

*1.2.7.1. Assigning competent and capable functional experts to the multi-functional team who will be available full time or as warranted by the procurement cycle. Functional experts assigned multi-functional teams shall:

★1.2.7.2. Ensuring requirements documents developed by the multi-functional team satisfy mission requirements, are performance-based, foster innovation, and define metrics. Metrics should provide meaningful measurements of contractor progress aimed at attaining desired outcomes. This includes identifying mission essential services and developing the necessary documents in accordance with DoDI 3020.37, *Continuation of Essential DoD Contractor Services During Crisis*.

★1.2.7.4. DELETED.

★1.2.8.1. Evaluating and documenting contractor's performance in accordance with the Quality Assurance Surveillance Plan. A performance plan (IAW 1.1.4) may be used in lieu of a QASP.

★1.2.8.4. Recommending improvements to the Quality Assurance Surveillance Plan and Statement of Work throughout the life of the contract. A performance plan (IAW 1.1.4) may be used in lieu of a QASP.

★1.2.11. **Multi-functional Team(s).** This is a customer-focused team instituted under the authority of the Air Force Executive Leadership. The team is composed of stakeholders in the acquisition and is responsible for the acquisition throughout the life of the requirement. For complex, multi-functional service acquisitions, membership should include all stakeholders impacted by the services performed. This may include

subgroup(s) responsible for routine tasks associated with the service acquisition process. For less complex, single-function service acquisitions, membership in this group may include as few members as: the contracting officer (PCO/ACO); QAPC; QA personnel; the functional/technical representative; subject matter expert; and the contractor who provides the service. The duties and responsibilities of the team include:

- ★1.2.11.1. Providing support to Air Force Executive Leadership as required (i.e., performance metrics, data, briefings).
- ★1.2.11.2. Promoting business decisions to meet customer requirements by researching the marketplace to remain current with the most efficient and effective performance assessment methods and techniques. Performing market research throughout the life of the requirement to ensure the team is knowledgeable of the commercial marketplace.
- ★1.2.11.3. Fostering partnerships with industry to ensure exchanges of information with the service industry and other business experts. Ensure the contractor becomes an active team member upon contract award.
- ★1.2.11.4. Developing a performance-based acquisition strategy, to include performance metrics.
- ★1.2.11.5. Developing PBSA requirements.
- ★1.2.11.6. Developing the technical requirement and the independent cost/government estimate.
- ★1.2.11.7. Developing source selection factors and sub-factors, if applicable, that provides an integrated assessment of the offeror's proposal and ensures a best value source selection based on the requirements of the RFP.
- ★1.2.11.8. Assessing and documenting contractor performance in accordance with the performance plan.
- ★1.2.11.9. Managing contract performance in accordance with the performance plan.
- ★1.2.11.10. Identifying opportunities to improve performance throughout the life of the contract. This includes benchmarking against industry, identifying initiatives, assessing the risk associated with these initiatives, using the performance plan for implementing initiatives brought forward, and monitoring the success of implementation.
- ★1.2.11.11. Assessing/managing contractor performance assessment data, to include submitting CPARS reports.

★1.3. **Application.** This AFI applies to all major commands (MAJCOMs), Direct Reporting Units (DRU), and Field Operating Agencies (FOAs). It is applicable to all service acquisitions above the Simplified Acquisition Threshold (SAT) (FAR 2.101), with the exceptions listed in FAR 37.102(a)(1).

★2.2. **SOW Format.** Examples of performance-based work statements are found in the SAF/AQC Contracting Toolkit, Part 37, <http://www.safaq.hq.af.mil/contracting/toolkit/part37/pbsa>. All service contracts will use the following format:

★3.2. A performance plan (IAW 1.1.4) may be used in lieu of a QASP. The BRAG will develop a Quality Assurance Surveillance Plan (QASP) that cites:

★3.3. The QASP may be made part of the solicitation but shall not be part of the resulting contract. This provides contractors with information on Air Force requirements, the level of performance expectations and how the Air Force will confirm the services are provided. Methods of surveillance can change after contract award based on acceptance of a contractor QC plan or a partnering agreement which establishes the metrics to be used or is based on improved contractor performance. A performance plan (IAW 1.1.4) may be used in lieu of a QASP.

★4.1.7. Developing a Government QASP that specifies how inspection and acceptance of services is to occur. This plan, tailored to the individual requirement, is put in writing for each delete blank spaces contract. The complexity of the plan should match the characteristics of the services. For example, a plan for a simple commercial service is generally less complex than one for a base operating support contract. Use documentation to capture past performance information. A performance plan (IAW 1.1.4) may be used in lieu of a QASP.

★4.2.2.1. QAPC training consists of:

★4.2.2.1.1. Seven Steps to PBSA training

★4.2.2.1.2. Review of draft AFI 63-124, PBSA;

★4.2.2.1.3. Review of the DoD PBSA Guide

★4.2.2.1.4. Review of draft AFI 63-125, Performance Management Assessment Program.

★4.2.2.2. Phase I of QA Personnel training consists of:

★4.2.2.2.1. Seven Steps to PBSA training

★4.2.2.2.2. Review of draft AFI 63-124, PBSA;

★4.2.2.2.3. Review of the DoD PBSA Guide

★4.2.2.2.4. Review of draft AFI 63-125, Performance Management Assessment Program.

★4.2.2.3.5. Replace BRAG with multi-functional team.

★ Attachment 1, Add the following Terms:

★ **Multi-Functional Team** - A team of stakeholders responsible for a services acquisition. Includes not only representatives of the technical and procurement communities, but also stakeholders of the service acquisition and the contractors who provide the services. This team may consist of sub-group(s) responsible for routine contract actions. This team could be a Business Requirements Advisory Group (BRAG), a Mission Area multi-functional team (MAAT), an IPT, working group, etc.

★ **Performance Assessment** - A process that measures success towards achieving defined performance objectives or goals defined within the performance thresholds in the services summary or the process of assessing progress towards achieving the objectives/goals developed in a performance plan or partnering agreement.

★ **Performance Management** - The use of performance measurement information to effect positive change in organizational culture, systems, and processes, by helping to set agreed upon performance goals, allocating and prioritizing resources, informing managers to either confirm or change current policy or program directions to meet those goals, and sharing results of performance in pursuing those goals.

★ **Performance Plan** - Prescribes the objective in having the services, the goals of the multi-functional team, team members and their roles and responsibilities (to include the contractor performing the service), and how the multi-functional team will assess contractor performance and manage the contract to obtain efficiencies, improved performance, and cost savings throughout its life cycle.

★ Attachments 2 and 3 are deleted.